Project under Netherlands Development Cooperative Programme Aid

7821. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a few projects under the Netherland Development Co-operation Programme aid are underway in some States including Karnataka on urban poverty alleviation and rural water supply and sanitation;

(b) whether a review of the project progress was made tn a Seminar held in Delhi in November, 1994 based on the Evaluation Report 1994 presented therein and whether the report contained observations to the effect that the project scope be curtailed; and

(c) whether the Centre would prevail upon the Netherlands Development Co-operation Programme authorities not to curtail the scope of project underway in Karnataka?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) An Evaluation Report 1994 was prepared on the Netherlands Development Cooperatton Programme with India 1980—92 by the Operations Review Unit of the Netherlands Ministry of Foreign Affairs. A seminar was held in October 94 to discuss some issues arising out of the Evaluation Report, which also formed a part of the ongoing bilateral policy discussions to decide on the strategy for the bilateral programme for the coming years.

The Evaluation report recommended, inter alia, that the scope of the overall project portfolio needs to be reconsidered to reflect the capability of the desk (Country Desk in the Netherlands) and the Embassy (Netherlands Embassy in India) to guide and monitor the preparation and implementation of projects. The report further stated that the quality of the project portfolio is likely to benefited in from concentration in fewer States and by replacement of numerous small project by a few large scale projects.

(c) The Government of India's position is to introduce more flexibility into the bilateral programme wtth a view to improving the absorptive capacity of the aid. Keeping in view the concerns of Government of India, it has been agreed not to curtail the scope of the ongoing externally aided projects in various states including Karnataka.

Assistance to small and tiny industries in Karnataka

7822. SHRI B. K. HARI PRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the fact that the Government of Karnataka has been implementing a programme called VISHWA for providing assistance to artisans small and tiny industrial units in rural areas and three Small Industries Development Bank of India (SIDBI) has been providing refinance for loans below Rupees 2.00 lakhs at reasonable rate of interest.

(b) whether the SIDBI has abruptly raised its refinance rates to this segment of beneficiaries since November, 1994, thereby threatening the viability of such small enterprises; and

(c) whether Govt. will intervene and save the VISHWA programme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (c) Yes, Sir. The Small Industries Development Bank of India (SIDBI) has reported that it revised the rate of interest on refinance of term loans upto Rs. 25,000/- from 9% to 11% per annum with effect from 25

25 October, 1994. However, pursuant to the representations received from primary lending institutions against this decision, SIDBI on 16 December 1994 revised the above mentioned rate of interest on refinance back to 9% with retrospective effect from 25 October, 1994. The rate of interest on refinance of term loans of over Rs. 25,000/- and upto Rs. 2 lakh was also reduced from 11% per annum to 10.5% per annum.

Amount borrowed by Peerless General Finance from Peerless General Finance and Investment

7823. SHRIMATI MALTI SHARMA: Will the Minister of FINANCE be pleased to state:

(a) whether the Peerless General Finance have borrowed any amount from Peerless General Finance and Investment Company Limited, a non-banking financial institution;

(b) if so, what are the details thereof;

(c) what is the rate of interest paid by Government on such borrowings; and

(d) in which sectors these borrowing have been diverted indicating the details of return therefrom?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) No, Sir.

(b) Does not arise.

(c) Reserve Bank of India (RBI) has reported that as per information furnished by Peerless General Finance and Investment Company Ltd. (PGFI) to RBI, PGFI has granted loan to State Govts/State Govt. Undertakings at rates of interest varying between 16.5 and 18 per cent.

(d) RBI has reported that no information on the use of loans from PGFI is available.

Projects in Kerala and Karnataka assisted by Tourism Finance Corporation

7824. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the Tourism Finance Corporation had financed tourist hotel projects in Kerala and Karnataka during the last three years; if so, the details thereof;

(b) how many applications were rejected and the reasons therefor; and

(c) whether any private consultancy is being engaged for evaluation of project for financial assistance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) Tourism Finance Corporation of India Ltd. (TFCI) has reported that during the last three years, it received six applications for setting up hotel projects in Kerala and seven applications for setting up hotel projects in Karnataka. Out of these applications TFCI financed four projects in Kerala and five projects in Karnataka. The remaining applications were rejected by TFCI due to reasons such as projects falling within the scope of state level financial institutions, unsatisfactory track record of promoters and excess capacity already created at the locations proposed by the promoters.

(c) No Sir.

Prosecution of cloth merchant in Ahmedabad pursuant to I.T. Raids

7825. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to refer to answer to Unstarred Question 2656 given in the